

RTC REVIEW

RESOLUTION TRUST CORPORATION

VOL. VI NO. 6

June 1995

John E. Ryan, Deputy and Acting Chief Executive Officer

- * **747 Thrifts Resolved by RTC from its Inception in August 1989 Through May 1995. 25.0 Million Deposit Accounts have been Protected.**
- * **Two Resolutions, One in April and One in May, Both Under the Accelerated Resolution Program.**
- * **RTC Sold or Collected Assets with a Book Value of \$1.3 Billion in April, \$445 Billion, Net of Assets Put Back to RTC, Since Inception.**
- * **Recoveries on Asset Reductions Totaled \$0.8 Billion (62% of Book Value) in April, \$388 Billion (87% of Book Value) Since Inception.**

RTC CASELOAD

In May, the RTC resolved one institution under the Accelerated Resolution Program (ARP) to bring the total number of resolutions to 747 since the inception of the RTC in 1989. Since March 10, 1995, the RTC has had no institutions in its conservatorship program.

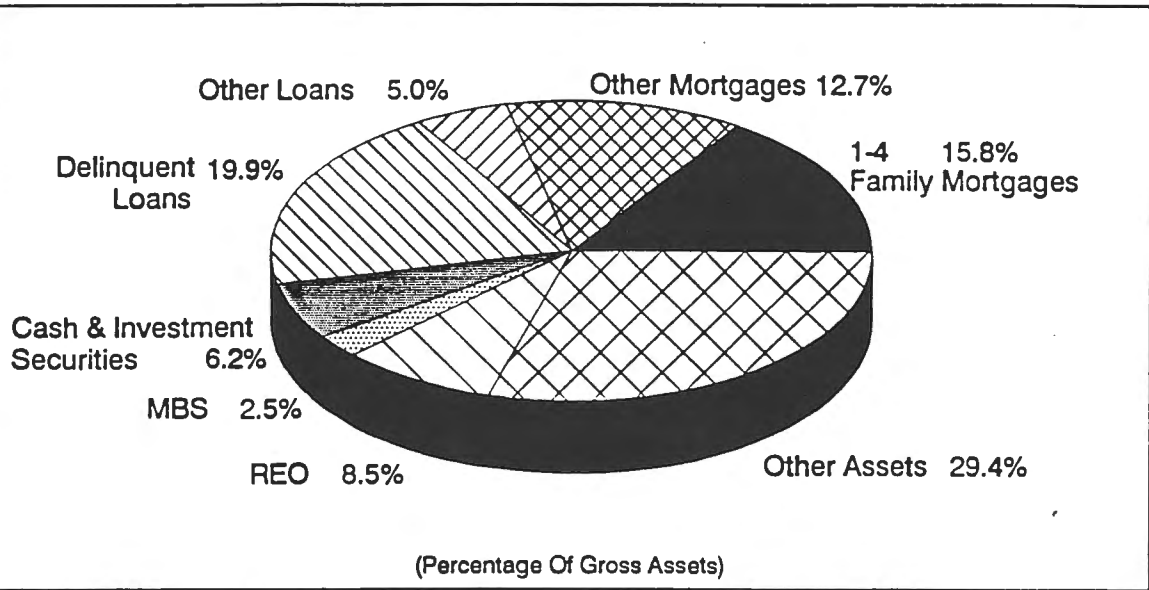
ASSET INVENTORY

In April, the amount of assets under RTC management decreased from \$21 billion to \$20 billion. The decrease in assets reflects the ongoing sales effort by the RTC to reduce its asset inventory. The \$20 billion of assets under RTC management on April 30 consisted of: \$2 billion in cash and securities, \$3

billion in performing 1-4 family mortgages, \$4 billion in other performing loans, \$4 billion in delinquent loans, \$2 billion in real estate, \$4 billion in investments in subsidiaries, and \$2 billion in other assets.

Many of these assets are low quality and less marketable assets. Real estate and delinquent loans represented 28% of total assets, whereas cash, securities, and performing 1-4 family mortgages represented 25% of total assets. The \$20 billion excludes approximately \$14 billion in cash, liquid investments, and accounts receivable accumulated from receivership collections.

**TOTAL ASSETS
UNDER RTC MANAGEMENT
As of April 30, 1995**



(Dollars in Billions)

	Amount	Percent Gross Assets
Cash & Investment Securities*	\$1.2	6.2%
Mortgage Backed Securities	0.5	2.5
Performing Loans - Total	6.6	33.5
1-4 Family Mortgages	3.1	15.8
Construction & Land	0.2	1.2
Other Mortgages	2.3	11.4
Other Loans	1.0	5.0
Delinquent Loans - Total	3.9	19.9
1-4 Family Mortgages	0.6	2.9
Construction & Land	0.6	3.2
Other Mortgages	2.1	10.5
Other Loans	0.7	3.3
Real Estate Owned	1.7	8.5
Subsidiaries	4.1	20.6
Other Assets	1.8	8.8
Gross Assets	\$19.8	100.0 %

Data based on preliminary 4/30/95 information
Number of institutions: 746

* Excludes \$13.8 billion in cash, investments (including restricted investments), and accounts receivable accumulated by receiverships.

ASSET REDUCTIONS

In April, the proceeds of asset sales and other principal collections were \$782 million. This included \$450 million in sales proceeds and \$332 million in principal collections. From inception through April, the RTC collected \$158 billion from securities, \$105 billion from 1-4 family mortgages, \$56 billion from other mortgages, \$31 billion from non-mortgage loans, \$17 billion from real estate, and \$23 billion from other assets.

In terms of book value, April sales and collections were \$1.3 billion. The average recovery rate on the collection of these assets was 62%. During the month, the RTC recovered 91% from securities, 72% from 1-4 family mortgages, 38% from other mortgages, 63% from non-mortgage loans, 53% from real estate, and 59% from other assets.

From the inception of the RTC through April, book value asset reductions were \$445 billion, and the RTC recovered 87% on these collections. From inception, the RTC has recovered 98% from securities, 96% from 1-4 family mortgages, 76% from other mortgages, 89% from non-mortgage loans, 55% from real estate, and 63% from other assets.

The RTC also collected \$0.2 billion in receivership income in April. From its inception to April 30, 1995, the RTC has collected \$20.1 billion in receivership income.

THRIFT CLOSINGS

The RTC closed two institutions under the Accelerated Resolution Program (ARP), one in April and one in May. As a result, the total number of resolutions since inception equalled 747. At the end of May, no institutions remained in the RTC's conservatorship program. As of the end of May, RTC resolutions had protected 25.0 million deposit accounts from financial loss. These accounts had an average account balance of \$9,000.

Through April 30, 1995 the RTC closed 746 thrifts. These institutions held 241 billion in assets at the time of closure. Of the total, \$51 billion of assets, or 21%, were sold to acquirers (after taking into account assets returned to the RTC under putback provisions of resolution transactions).

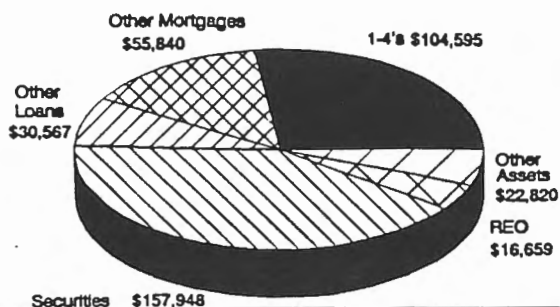
Estimated resolution costs for the 746 closed thrifts totaled \$90.1 billion. The \$90.1 billion represented 32% of their total liabilities at the time of resolution. These figures reflect the changes in estimated resolution costs made when preparing the RTC's 1994 year-end financial statements. If the insured deposits of all 746 institutions had been paid out to depositors, the estimated resolution cost would have been \$94.8 billion. The \$4.7 billion difference represented the estimated savings, or premiums, over insured deposit payout costs. For all resolutions since inception, these savings were equal to 3% of core deposits, represented by deposits with balances below \$80,000. More recently, savings have increased and were 11% of core deposits in January-April 1995.

Of the 746 cases, 496 were purchase and assumption transactions (P&As), in which deposits, certain other liabilities, and a portion of the assets were sold to acquirers. Another 158 were insured deposit transfers (IDTs), in which the acquiring institutions served as paying agents for the RTC, established accounts on their books for the depositors of the failed institutions, and acquired some of their assets in many cases. The remaining 92 were insured deposit payoffs (POs) in which the RTC directly paid depositors their insured deposits and retained all of the assets.

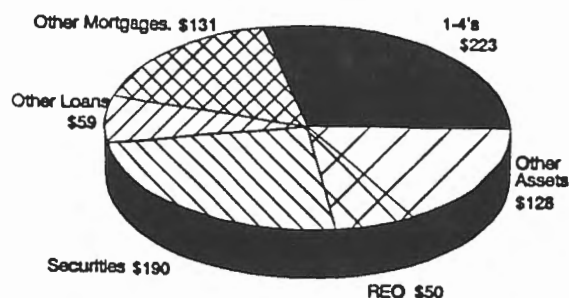
Most attractive franchises were resolved using P&As, and these acquirers paid considerably higher premiums over deposit payoff costs: 3.19% of core deposits, compared to 0.67% for IDTs. Although only 66% of RTC resolutions were P&As, these transactions ac-

RTC ASSET
SALES PROCEEDS AND PRINCIPAL COLLECTIONS
(DOLLARS IN MILLIONS)

INCEPTION 1989 THROUGH APRIL 1995
(\$ In millions)



APRIL 1995
(\$ In millions)



Inception through April 1995

	Sales Proceeds	Principal Collections	Total
Securities	\$97,438	\$60,509	\$157,948
1-4 Family Mortgages	76,741	27,854	104,595
Other Mortgages	33,532	22,309	55,840
Other Loans	14,684	15,883	30,567
REO	16,659	0	16,659
Other Assets	7,280	15,540	22,820
TOTALS	\$246,334	\$142,095	\$388,429

April 1995

	Sales Proceeds	Principal Collections	Total
Securities	\$113	\$77	\$190
1-4 Family Mortgages	180	43	223
Other Mortgages	72	58	131
Other Loans	30	29	59
REO	50	0	50
Other Assets	3	125	128
TOTALS	\$450	\$332	\$782

1995 Year to Date

	Sales Proceeds	Principal Collections	Total
Securities	\$372	\$1,033	\$1,405
1-4 Family Mortgages	670	166	835
Other Mortgages	383	242	625
Other Loans	160	78	239
REO	209	0	209
Other Assets	176	450	626
TOTALS	\$1,971	\$1,968	\$3,939

Notes: Sales and collections include activity of assets held by RTC in its corporate capacity.
The distribution of sales and collections for receiverships for 1989 and 1990 is estimated.
Inception to date resolution sales included in sales proceeds are net of all putbacks recorded to date.

counted for 82% of the deposits that have been made whole by the RTC from its inception through April 1995.

The P&A transactions included 38 Accelerated Resolution Program (ARP) cases, in which the institutions were closed without first being placed in the conservatorship program.

SOURCES AND USES OF FUNDS

From its inception through April 30, 1995, the RTC obtained \$109 billion in funds from the following external sources: \$50 billion in FIRREA appropriations, \$41 billion in subsequent loss funds authorized by Acts of Congress, and \$18 billion in Federal Financing Bank (FFB) borrowings. The RTC also obtained \$118 billion in recoveries from receiverships.

The FIRREA appropriations include \$30.1 billion from REFCORP, \$18.8 billion in Treasury funding, and \$1.2 billion in FHLB contributions. The Resolution Trust Corporation Funding Act of 1991 and the RTC Refinancing, Restructuring, and Improvement Act of 1991 provided for an additional \$30 billion and \$25 billion, respectively, in loss funds through Treasury appropriations. The Improvement Act allowed the RTC to obligate funds for new resolutions up to April 1, 1992. On April 30, 1992, the RTC returned \$18.3 billion to the Treasury Department that had not been obligated by the April 1, 1992 deadline. The RTC Completion Act, enacted into law on December 17, 1993, authorized the Treasury to provide the RTC with up to \$18.3 billion in loss funds. If more than \$10 billion is needed, the Secretary of the Treasury must certify that the RTC is complying with specified management reforms. As of April 30, 1995, \$4 billion of the \$18.3 billion had been released by the Thrift Depositor Protection Oversight Board to fund resolutions.

SOURCES AND USES OF FUNDS (\$ in billions) Inception through April 30, 1995	
SOURCES:	
Initial Treasury Appropriations	\$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	30.1
Additional Appropriations	40.7
FFB Borrowings	<u>17.9</u>
Total External Sources	108.6
Recoveries from Receiverships	117.8
TOTAL SOURCES	<u>\$226.4</u>
USES:	
Resolutions and Receivership Funding	\$ 216.5
Conservatorship Advances Outstanding *	0.0
FFB Interest	9.6
Other Disbursements (Net)**	-1.1
TOTAL USES	<u>224.9</u>
NET CASH AVAILABLE	<u>\$ 1.5</u>
<small>* Conservatorship balances are net principal balances outstanding. ** Includes expenses paid on behalf of conservatorships and other corporate disbursements, less interest payments and expense reimbursements received from conservatorships and other sources.</small>	

Working capital, obtained from the FFB, is used for the temporary funding of assets retained by the RTC when institutions are resolved. Working capital has also been used to replace high-cost liabilities and meet liquidity needs of conservatorship institutions. The RTC's outstanding borrowings and other liabilities are subject to a limitation prescribed by FIRREA.

The 746 resolutions through April 30 required outlays of \$216.5 billion from the RTC. Interest on FFB borrowings was \$9.6 billion. This left \$1.5 billion in cash on hand on April 30.

NEWS NOTES

KULKA ANNOUNCES DEPARTURE FROM SERVICE AS RTC GENERAL COUNSEL

Ellen B. Kulka, who has served as General Counsel of the RTC since January 1994, announced her intention to leave the federal government at the beginning of July.

"I have been privileged to serve at the RTC with numbers of dedicated professionals," Ms. Kulka said in her letter of resignation to RTC Deputy and Acting Chief Executive Officer John E. Ryan. However, she noted, "As I have communicated to you over the past several months, my personal plans have been to depart prior to the sunset of the RTC. I believe that by the end of June, a significant portion of the planning for the transition of the RTC back to the FDIC will have been accomplished."

The RTC, created in August 1989 to protect insured depositors of failed savings institutions, will complete its statutory mission and cease to exist on December 31, 1995. The agency currently is in the transitional process of reducing its temporary workforce and returning employees of the Federal Deposit Insurance Corporation who have been assigned to the RTC. When the RTC sunsets, all remaining FDIC employees, assets to be sold, and legal work will be assumed by the FDIC.

"Ellen has performed superbly as our General Counsel since she accepted her temporary position 18 months ago. Due largely to her efforts, I am confident the RTC Legal Division's transition to the FDIC will be a smooth one," Mr. Ryan said. "She leaves behind a better organized and more focused legal staff than she inherited. She departs with our gratitude and best wishes for success in her future endeavors."

Mr. Ryan said he is evaluating the practicality of naming a new RTC General Counsel in light of the fact that the RTC will cease to exist in six months. "Fortunately," Mr. Ryan observed, "Ellen put in place a Legal Division management structure headed by lawyers fully capable of administering their respective programs."

FURTHER INFORMATION

All RTC public documents, including RTC press releases and policy statements, are available from the RTC Reading Room at 202-416-6940. Written requests should be mailed to the RTC Reading Room, 801 17th Street, NW, Washington, DC 20434-0001.

To receive the RTC Review monthly, write to: RTC Office of Corporate Communications, 10th Floor, RTC Review Mailing List, 801 17th Street, NW, Washington, DC 20434-0001.

RTC Resolutions Inception to April 30, 1995 (Dollars in Billions)

Deal Type *	Number of Cases	Total Assets	Estimated Savings Over Payout Cost	Estimated Savings/ Core Deposits **	Percentage of Assets Passed***	Total Deposits	Number of Accounts (000's)
IDT	158	\$30.3	\$0.1	0.67 %	12.42 %	\$31.0	2,985
PA	496	203.3	4.6	3.19	23.30	181.2	21,414
PO	92	7.8	0.0	0.00	0.00	8.4	619
Total	746	\$241.4	\$4.7	2.77 %	21.16 %	\$220.6	25,018

*** Deal Type:**

IDT = Insured Deposit Transfer

PA = Purchase of Assets and Assumption of Liabilities

PO = Insured Deposit Payoff

** Core deposits are estimated as deposits with balances below \$80,000.

*** Assets passed are net of putbacks.

Note: Asset and estimated cost data reflect post-closing revisions and may differ from data previously released. Number of Accounts are as of quarter before resolution.

Commonly Dialed RTC Telephone Numbers

National Sales Center	(202) 416-4200
Real Estate Information Center and Orders for Asset Inventory	(800) 782-3008
Asset Specific Inquiry Service	(800) 782-3008
Securities Sales (Capital Markets)	(202) 416-7554
Contracting Office	(800) 541-1782
Office of Corporate Communications - Media Inquiries	(202) 416-7558
Low Income Housing Program	(202) 416-2823
Asset Claims	(202) 416-7262
Information Center ATI (Complaints)	(800) 348-1484

RTC Small Investors Program	(800) 421-2073
RTC Special Resources Clearinghouse	(800) 466-6288
Reading Room - Public Information	(202) 416-6940
Main Operator	(202) 416-6900
RTC California Office	(800) 283-9288
RTC Dallas Office	(800) 782-4674
RTC Kansas City Office	(800) 365-3342
RTC Atlanta Office	(800) 628-4362
RTC Valley Forge Office	(800) 782-6328

Note:

California Office - CA, AZ, CO, HI, NM, NV, UT

Dallas Office - LA, MS, TX

Kansas City Office - AK, AR, IA, ID, IL, IN, KS, KY, MI, MN, MO, MT, ND, NE, OH, OK, OR, SD, WA, WI, WY

Atlanta Office - AL, DC, FL, GA, MD, NC, PR, SC, TN, VA, WV

Valley Forge Office - CT, DE, MA, ME, NH, NJ, NY, PA, RI, VT

**RTC Resolutions
April 1995
(Dollars in Millions)**

Institution Name / City / State	Deal Type*	Resolution Date	Acquirer Name / City / State	Total Assets	Estimated Resolution Cost	Assets Passed to Acquirers Net of Putbacks	Percentage of Assets Passed
Continental Savings of America, FSLA, San Francisco, CA	PA	04/28/95	California FB, FSB, Los Angeles, CA	\$360.2	\$57.5	\$35.0	9.97%
Total				\$360.2	\$57.5	\$35.0	9.97%
Grand Total—Inception through April 30, 1995				\$241,424.3	\$90,091.0	\$51,085.2	21.16%

NA = Not Applicable

* Deal Type:

IDT = Insured Deposit Transfer

PA = Purchase of Assets and Assumption of Liabilities

PO = Insured Deposit Payout

Note: Assets and estimated cost data reflect post-closing revisions and may differ from preliminary data previously released.

**Asset Reductions
By Type of Asset**
(Dollars in Millions)

	Inception Through 4/30/95	April 1995	1995 To Date
<u>Cash & Securities</u>			
Book Value Reduction	\$161,416	\$210	\$1,428
Discount from Book Value	3,468	19	24
Sales & Principal Collections	157,948	190	1,405
<u>1-4 Family Mortgages</u>			
Book Value Reduction	108,733	310	1,019
Discount from Book Value	4,138	87	184
Sales & Principal Collections	104,595	223	835
<u>Other Mortgages</u>			
Book Value Reduction	73,912	341	1,542
Discount from Book Value	18,072	210	916
Sales & Principal Collections	55,840	131	625
<u>Other Loans</u>			
Book Value Reduction	34,430	94	443
Discount from Book Value	3,863	35	205
Sales & Principal Collections	30,567	59	239
<u>Real Estate</u>			
Book Value Reduction	30,206	95	434
Discount from Book Value	13,547	45	225
Sales & Principal Collections	16,659	50	209
<u>Other Assets</u>			
Book Value Reduction	36,132	218	1,145
Discount from Book Value	13,312	90	519
Sales & Principal Collections	22,820	128	626
<u>Total Assets</u>			
Book Value Reduction	444,829	1,268	6,012
Discount from Book Value	56,400	486	2,073
Sales & Principal Collections	\$388,429	\$782	\$3,939

Notes: Data for inception through April 30, 1995 are net of putbacks recorded to date.

Data exclude asset transfers between receiverships, subsidiaries,
and RTC Corporate.

Resolution sales are shown at book value. Proceeds of assets sales at resolution are
not separable from amounts paid for deposits of resolved thrifts.

**Beginning Assets and Asset Reductions
Inception Through April 1995
(Dollars in Billions)**

746 Resolved Institutions

	Cash & Securities /1	1-4 Family Mortgages	Other Mortgages	Other Loans	Real Estate /2	Subsid- iaries	Other Assets	Total
Assets at Takeover.....	\$111.2	\$115.3	\$81.7	\$30.5	\$31.1	\$11.3	\$21.4	\$402.3
Reductions During Conservatorship								
Sales Proceeds.....	61.5	28.9	7.8	5.9	7.4	0.4	2.2	114.1
Payment & Maturities.....	52.8	17.9	12.0	11.3	0.0	1.2	2.7	97.9
Other Changes (Net) /3.....	(50.1)	1.0	4.8	(6.0)	3.5	(1.8)	(1.6)	(50.2)
Resolution & Receivership Reductions								
Assets Passed (Net of Putbacks).....	25.5	15.6	5.7	3.6	0.1	0.4	0.1	51.1
Principal Collections.....	18.1	42.2	30.5	9.8	9.1	7.2	8.6	125.4
Other Changes (Net) /4.....	1.6	6.0	15.8	4.2	9.2	(0.2)	7.6	44.2
Total Assets as of April 30, 1995.....	\$1.7	\$3.7	\$5.2	\$1.6	\$1.7	\$4.1	\$1.8	\$19.8

/1 Excludes \$13.8 billion in cash, investments (including restricted investments), and accounts receivables accumulated by receiverships.

/2 Transfer of REO from one subsidiary to a receivership is included in Other Changes.

/3 Includes net losses on sales, charge-offs of goodwill and certain equity investments and other assets, accumulation and investment of cash, and new loans and asset purchases. For receiverships, accounting adjustments made at resolution are also included.

/4 Includes asset balance adjustments and principal losses.